

Reel Cash: A Primer On Film Finance

By Bianca Goodloe

<https://reel.cash>

TABLE OF CONTENTS

INTRODUCTION	3
DISTRIBUTION COMPETITORS TO REEL CASH	4
PRODUCTION PROCESS	5
DEVELOPMENT AND GREEN-LIGHTING	6
Development	6
Pre-Production	6
Principal Photography	7
Post-Production	7
DISTRIBUTION	7
Traditional Timing of Financial Returns	7
The Current Model for Sources of Revenue	8
United States Theatrical Distribution	8
Foreign Theatrical Distribution	9
DVD/Blu-ray and Home Video Sales and Rentals	9
Television Distribution	10
Re-licensing	11
INFERIOR TRADITIONAL FILM FINANCING VS. SUPERIOR REEL CASH FINANCING	11
Inferior Traditional Film Financing	11
Superior Reel Cash Financing	12
RECENT MEDIA MARKETPLACE	13
International Media Perspective of the Motion Picture Association of America	14
PriceWaterhouseCoopers' Global Media and Entertainment Overview	16
Notable Independently Acquired Film Deals since 2012:	17
About The Author	23

A Reel Cash Primer On Film Finance

INTRODUCTION

Reel Cash (<https://reel.cash>) will afford content creators a platform on which to distribute their completed content through acquisition arrangements, or the ability through which to finance their productions prior to the platform's distribution thereof, and shall provide a competitive alternative to the current distribution options for content.

Historically, virtually all major American-made motion pictures have been financed, produced and distributed by a well-established group of studios and their subsidiaries, known as "The Majors" (Disney, Twentieth Century Fox, Warner Brothers, Universal Studios, Paramount and Sony Pictures). There are other smaller companies known as "The Mini-Majors." (Lionsgate Entertainment/Summit, among them). The budgets of films produced by these companies are usually smaller than those produced by The Majors.

In the contemporary marketplace, The Majors and The Mini-Majors have developed a policy of producing only a small number of movies each year. This policy has opened the door to the establishment of many smaller independent film production companies, known as "Independents," and film distribution companies known as "Specialty Distributors."

Specialty Distributors focus their efforts on producing and distributing lower or modestly budgeted films to specialized audiences. They often rely on acquisitions from independent producers. They may acquire these motion pictures before production begins, during production, or after the films are actually produced.

According to the Independent Film and Television Alliance (IFTA), an independent film is any film where "more than fifty percent of its financing comes from sources other than the seven major studios." Independents may be large companies that produce numerous films for release by The Majors, such as Imagine Films and Working Title Films, or they may be small companies that produce a single film for a specialized audience. Whatever their size and budget range, Independent Production Companies rely on The Majors, The Mini-Majors, and Specialty Distributors to distribute their films and they rely, at least in part, on these companies, along with banks, tax credit brokers, private lenders and private investors, to finance them.

Theatres have historically been the primary retail outlet for movies. Theater multiplexes provide access to independent films that, in the past, may not have otherwise been seen by significant audiences, but competition among independent films for a share of the audience is intense. Therefore, films that are distributed by smaller distributors compete against independent films distributed by major studios for exhibition in the theatres. Theatre owners may be unable or unwilling to exhibit films in order to honor commitments to exhibit other films distributed by the major studios with which long-term relationships are essential. Thus, a film may be forced off-screen even while attracting significant numbers of viewers.

While theatrical exhibition of films remains useful to the financial success of a picture, licensing of films for use in ancillary markets (network and syndicated television, pay and basic cable and home video) has become increasingly more important, particularly for independent films. In most cases, ancillary revenues overshadow revenues derived from theatrical release. Due to the high cost of prints and advertisements, many experts now view theatrical exhibition as a loss leader for ancillary revenues from home video, television, internet, and non-theatrical markets.

The foreign marketplace represents a significant and increasing source of revenues, particularly for independent films. The increase in foreign revenues is largely attributable to the deregulation of foreign broadcasting markets and the strong development of pay and cable television around the world. However, foreign television sales have been leveling off, particularly for lower end product. These changes in the international markets and the expansion of home VOD, MOD and digital distribution in the United States and abroad fueled a significant demand for new movies.

Reel Cash provides an alternative source to consolidate all of the needs and disciplines involving audiovisual production into a centralized platform technologically, demographically and fiscally superior to the traditional production, financing and distribution models.

DISTRIBUTION COMPETITORS TO REEL CASH

Lionsgate Entertainment is a Canadian production-distribution company that is currently the largest and most successful independent film distributor-studio in North America (and now merged with Summit Entertainment). It focuses mainly on foreign and independent films, and is perhaps best known for distributing films that are too controversial for the large American companies, such as *American Psycho*. Other critical and commercial successes include *Crash*, *Precious*, *Rabbit Hole*, the *Saw* franchise, *The Expendables*, *Affliction*, *Gods and Monsters*, *Dogma* and Michael Moore's *Fahrenheit 9/11*.

Lakeshore International (the distribution arm of Lakeshore Entertainment), founded in 1994 by Tom Rosenberg, has grown into a multi-faceted and fully integrated entertainment media enterprise. The Lakeshore portfolio includes a diverse library of more than 300 films and an ongoing production business. Headquartered in Beverly Hills, Lakeshore produced the winner of 4 Academy Awards®, *Million Dollar Baby*. Other titles include *The Gift*, *Mothman Prophecies*, *Underworld*, *Underworld: Evolution*, *Runaway Bride*, *Exorcism of Emily Rose*, *She's the Man* and *The Last Kiss*, and Lakeshore International has acted as the sales agent for films such as *The Lincoln Lawyer*, *Crank: High Voltage*, *Wicker Park* and *Arlington Road*.

Fox Searchlight Pictures is the specialty film division of 20th Century Fox, established in 1994. It has a more indie slant than its parent company, and has produced and/or distributed such films as *127 Hours*, *Black Swan*, *Slumdog Millionaire*, *The Wrestler*, *Little Miss Sunshine*, *Once*, *Bend It Like Beckham*, *Boys Don't Cry*, *Napoleon Dynamite*, *Thirteen*, *28 Days Later* and *Sideways*.

IFC Films is an American film distribution company based in New York, owned by the Independent Film Channel. It exclusively distributes independent films and documentaries, its first release being the 1999 drama film *Spring Forward*. Other releases include *My Big Fat Greek Wedding*, *Perrier's Bounty*, *Che*, *Transamerica*, *Y tu mamá también*, *Fahrenheit 9/11*, *Nobody Knows* and *Turtles Can Fly*.

Magnolia Pictures is an American film distributor, and is a holding company of 2929 Entertainment, owned by Todd Wagner and Mark Cuban. They specialize in both foreign and independent films. Its holdings include Landmark Theatre Corporation, Magnolia Pictures, Rysher Entertainment, and the HDNet cable channel. It also has an interest in Lionsgate Films. Released films include *Food, Inc.*, *Man on Wire*, *I'm Still Here*, *Casino Jack* and the *United States of Money*, *I Am Love* and *Control Room*.

Sony Pictures Classics is the specialty films division of Sony Pictures. Founded in 1992, Sony Pictures Classics produces, acquires and distributes independent films from America and around

the world. Recent releases include Capote, House of Sand, The Illusionist, An Education, Inside Job, Animal Kingdom, Barney's Version, The Imaginarium of Doctor Parnassus, Coco Before Chanel, Broken Embraces and Rachel Getting Married.

Global Road is an American film distribution company based in Hollywood, California. It was launched in March 2011 by the two largest U.S. theatrical exhibitors, AMC Theatres and Regal Entertainment Group. Open Road titles are distributed in the home entertainment market by Universal Studios Home Entertainment.[4] On June 28, 2011 Open Road Films signed a pay-TV deal with Netflix. Releases include The Grey, Silent House, Hit and Run, End of Watch and Side Effects.

FilmDistrict is an American independent motion picture company based in Los Angeles. It is a multi-faceted acquisitions, distribution, production, and financing company. FilmDistrict was founded in September 2010 by Peter Schlessel in partnership with Graham King and Timothy Headington. FilmDistrict's releases are distributed by Culver City-based Sony Pictures Entertainment for home & media markets. Releases include Looper, Soul Surfer, Drive, Olympus Has Fallen, and Playing For Keeps.

Netflix is an American entertainment company founded by Reed Hastings and Marc Randolph on August 29, 1997, in Scotts Valley, California. It specializes in and provides streaming media and video-on-demand online, and has recently commenced producing original content.

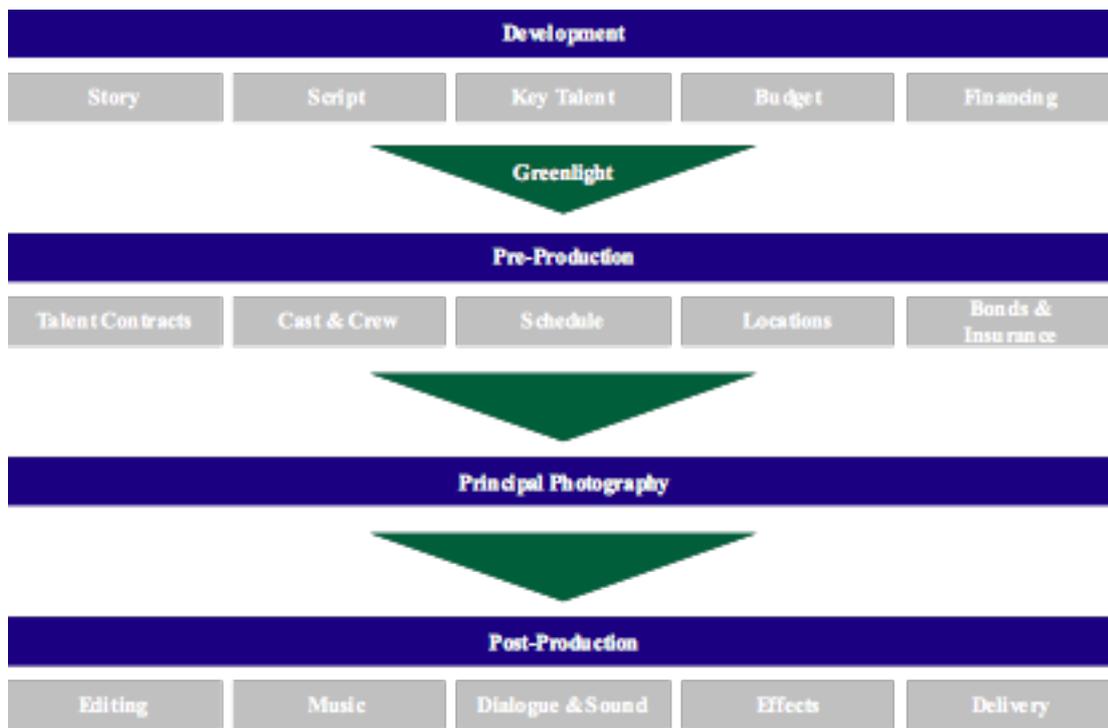
Amazon Studios is a division of Amazon, that focuses on developing television shows, distributing and producing films, and comics. It was started in late 2010. Releases include Manchester By The Sea.

Hulu is an American subscription video on demand service owned by Hulu LLC, a joint venture with The Walt Disney Company, 21st Century Fox, Comcast, and as of August 10, 2016, Time Warner, which has recently commenced producing original content.

PRODUCTION PROCESS

A movie production is divided into what are referred to as "above the line" and "below the line" expenses. The above the line expenses cover the creation of the story, writing and finalizing the screenplay, payment for the actors, the director and the producers, and any travel expenses incurred by these personnel. The below the line expenses cover all other production and post-production costs.

Motion picture production consists of four stages: development, pre-production, principal photography and post-production.



DEVELOPMENT AND GREEN-LIGHTING

Development

The development phase involves the sourcing and assembly of a viable film concept. The key elements of development are:

- Story – Brainstorming film concepts; leveraging relationships with agents, screenwriters, publishers, etc., to source film concepts; optioning literary properties; evaluating unsolicited submissions;
- Script – Purchasing spec script or developing new script; script usually requires rewrite and editing;
- Key talent – Identifying headline cast, director and other key creative personnel;
- Budget – Forming detailed cost projections, consolidating into an 80 to 100 page budget document; and
- Financing – Obtaining production funds.

Pre-Production

Once the development phase and greenlighting have been completed, a film enters pre-production, where numerous details and logistics are finalized in preparation for filming.

The key elements of pre-production are:

- Talent contracts – Structuring and negotiating contracts with agents for headline actors, director and other key creative personnel;
- Cast and crew – Assembling supporting cast and production personnel;
- Schedule – Finalizing day-by-day shooting schedule;

- Locations – Securing soundstages and on-location filming sites and negotiating any available government subsidy or credit; and
- Bonds and insurance – Obtaining completion bonding and insurance policies.

Upon completion of pre-production, which typically takes three to four months, a film enters principal photography.

Principal Photography

The two-to-four-month period during which a film is shot is critical to both the quality and cost of the film, and a film's producers are ultimately responsible for both. The role of a producer during production requires a combination of on-set process management and off-set preparation, and, thus, significant creative and administrative resources and expertise. The principal photography phase also involves a significant element of judgment, as producers must delegate responsibility and make rapid-fire decisions on the fly.

Post-Production

Upon completion of principal photography, the post-production phase readies a final cut film for delivery to the distributor(s).

The key elements of post-production are:

- Editing – Arranging the photography into the appropriate chronology and adding and/or deleting scenes;
- Effects – Inserting visual effects not captured by photography, typically involving computer graphics;
- Music – Adding score and soundtrack;
- Dialogue and sound – Adding and synchronizing voices and sound effect with the film's photography; and
- Delivery – Delivering the film to the distributor(s) upon completion of final cut.

DISTRIBUTION

In general, the distribution side of a theatrical motion picture consists of one or more cycles, which are the periods of time over which a film runs through each distribution channel at least once. The first cycle of a film's life is the most important because it is when a film will generate most of its revenue and incur most of its costs. In fact, theatrical films typically generate the majority of their revenues within two years of their initial release. To cycle through all distribution channels, however, generally takes between seven and ten years.

Traditional Timing of Financial Returns

The timing of revenues received from the various sources varies from film to film. However, theatrical receipts from United States distribution are generally received in larger percentages in the first six to twelve months after a film is first exhibited and in declining percentages thereafter.

Similarly, theatrical receipts from foreign distribution (other than pre-sales of foreign territories which can be made prior to the production of a film) are typically received in larger percentages in the first two years following initial theatrical release, and in declining percentages thereafter.

Approximately 80% of home video royalties have typically been received in the first year following theatrical release and the remaining 20% in subsequent years. Approximately 65% of pay and cable license fees have typically been received in the third year, 25% in the fourth year and 10% in the fifth year following theatrical release. The majority of syndicated domestic television receipts are typically received in the fourth, fifth and sixth years after theatrical release if there are no network television licenses and the sixth, seventh and eighth years if there are network licenses.

Reel Cash would provide a day-and-date international platform upon which the content would immediately generate revenue by combining all of the traditional distribution windows into one and keep the content available for viewing for the lifespan of the platform. This would expedite and maximize profitability for the platform, strengthen the cryptocurrency valuation providing a value proposition of all cryptocurrency holders/users whilst mitigating marketing and distribution costs in the archaic multi-distribution window release model.

The Current Model for Sources of Revenue

The following is a brief summary of each of the sources of revenue of motion pictures and the distribution/licensing process associated with such sources: It is intended to be an aid understanding the traditional motion picture business, against which Reel Cash is juxtaposing its business model.

United States Theatrical Distribution

The costs incurred with the distribution of a motion picture can vary significantly depending on the number of screens on which the film is exhibited. Depending on the total investment of the film including budget and marketing, studios now open their expected-blockbuster films on 2,500+ screens. (With some films like *The Twilight Saga: Eclipse* which opened on 4,468 screens.) Independent distributors however tend to open their films on fewer screens. This allows them to gain valuable word-of-mouth without spending an exorbitant sum on initial distribution costs.

A film's domestic theatrical gross is often the primary indicator of future ancillary sales, such as DVD, Blu-ray, television rights, digital streaming rights, as well as raising the value of the films in foreign markets.

Major film distributors are typically granted the right to license exhibition of a film in perpetuity, and normally have the responsibility for advertising and supplying prints and other materials to the exhibitors. Under most arrangements, the distributor retains a distribution fee from the gross receipts, which typically constitute approximately one-third of the film's gross receipts, and recoups the costs incurred in distributing the film, off-the-top.

The principal costs incurred are the cost of duplicating the negative into prints for actual exhibition, advertising, marketing, publicizing, and promoting the motion picture. The distribution contract usually provides that the parties providing the financing are then entitled to recover the cost of producing the film (and an agreed preferred return thereon) plus either the balance of all subsequent revenues or a pre-negotiated split of all subsequent revenues shared with the distributor.

Theatrical distribution of motion pictures requires the commitment of substantial funds in addition to a motion picture's negative (or production) cost. Typically, the distributor arranges financing and personnel to:

- create the motion picture's advertising campaign and distribution plan;
- disseminate advertising, publicity and promotional material by means of magazines, newspapers, trailers ("coming attractions") and television;
- duplicate and distribute prints of the motion picture;
- place the motion picture in theatres; and
- collect from exhibitors the distributor's share of the box office receipts.

A distributor must carefully monitor the theatres to which it licenses its picture to ensure that the exhibitor keeps only the amounts to which it is entitled by contract and promptly pays all amounts due to the distributor.

The amount that major film distributors spend on prints and advertising is generally left to the discretion of the distributor. In some instances, however, the producer may negotiate minimum expenditures or ceilings on such items. The producer may also negotiate minimum and maximum numbers of prints, a minimum number of theaters and cities, and even specify the various metropolitan areas, at a minimum, where the film will be exhibited.

For a picture's initial theatrical release, a United States theatre exhibitor will usually pay a distributor a percentage of box office receipts, which is negotiated based on the expected appeal of the motion picture. The negotiated percentage of box office receipts remitted to the distributor is generally known as "film rentals" but is more typically defined in distribution agreements to be part of gross receipts. Such gross receipts customarily diminish during the course of a film's theatrical run.

The distributor's share of total box office receipts over the entire initial theatrical release period may average from 60% to 90%, with the exhibitor retaining the meager rest. The exhibitor will also retain all receipts from the sale of food and drinks at the theatre (concessions).

Foreign Theatrical Distribution

While the value of the foreign theatrical market varies due to currency exchange rate fluctuations and the political conditions in the world or specific territories, it provides a significant source of revenue for theatrical distribution. Due to the fact that this market is comprised of a multiplicity of countries and, in some cases, requires the making of foreign language versions, the distribution pattern stretches over a longer period of time than does exploitation of a film in the United States theatrical market.

Major studio/distributors usually distribute motion pictures in foreign countries through wholly owned divisions or subsidiaries, often organized locally, and the distribution fees for such entities usually vary between 15% and 40% depending on the territory or financial arrangements. Such local entities may also distribute motion pictures of other producers, including other major studios. Film rental agreements with foreign exhibitors take a number of different forms, but they typically provide for payment to a distributor of a fixed percentage of box office receipts or a flat amount.

Multiple accounting records from multiple parties are required to be audited to entitle producers to receive an accurate overview of the film's financial waterfall. With Reel Cash, there is only one accounting record for all profit participants in the productions being distributed by Reel Cash, reducing the effort, time and cost of achieving accounting transparency.

Risks associated with foreign distribution include fluctuations in currency values and government restrictions or quotas on the percentage of receipts, which may be paid to the distributor; the remittance of funds to the United States and the importation of motion pictures into a foreign country. Should foreign territories be sold by a foreign sales agent directly, without a studio sub-distributing those territories, commissions payable of those sales to foreign sales agents range between 10-25% (excluding sales expenses, which can be up to \$250,000, depending on the budget of the production and the status of the sales agent).

DVD/Blu-ray and Home Video Sales and Rentals

Films are usually released on home video/DVD/Blu-ray approximately four months after initial domestic theatrical release of the film, but before the exhibition of the picture on cable/pay or network television. Some films are released directly to the home consumer market, without ever having a theatrical release.

Home video companies sell DVDs and now high definition (HD) Blu-ray discs directly to consumers in what is termed the sell-through market. DVD players are still the most prevalent home video device, however.

Rentals continue to hold strong primarily due to companies such as Netflix and Redbox, and a renewed focus on Video On-Demand and digital streaming. Netflix uses a subscription model, allowing consumers to pay a monthly fee for unlimited movie rentals. The consumer orders online and the DVDs are mailed directly to your home for you to keep as long as you like with no late fees. Netflix also introduced a highly successful digital streaming service that delivers movies to PCs, Netflix enabled devices such as TiVo, and all three major video game consoles.

Redboxes are best described as “vending machines” that rent newly released DVD/Blu-rays. The draw is that machines are conveniently located in retail spaces such as Wal-Mart and 7-11 and the rentals are low-priced.

The major film distributors are now pushing Video On-Demand, or VOD, as the way for consumers to view films before they’re available on Netflix or Redbox. VOD films are delivered through cable TV boxes as “pay for play,” usually at a premium rental charge.

Television Distribution

Television rights in the United States are generally licensed first to pay television for an exhibition period following home video release, thereafter, if possible, to network television for an exhibition period (though this occurs only in very selective situations), then to pay television again, and finally to independent stations. Therefore, the owner of a film may receive payments resulting from television licenses over a period of six years or more.

The proliferation of new cable networks in the past 20 years has made cable (both basic and premium stations) one of the most important outlets for feature films. Whereas network and independent television stations were a substantial part of the revenue picture in the 1970s and 1980s, today cable has become the far more important ancillary outlet. The pay-per-view (PPV) business has continued to grow thanks to continued direct broadcast satellite (DBS) growth and significant Video On-Demand (VOD) rollouts by cable operators. PPV and cable television allow subscribers to purchase individual films or subscribe to premium cable channels for a fee. Both acquire their film programming by purchasing the distribution rights from motion picture distributors. VOD user growth is projected to grow at a healthy rate over the next several years.

Pay television rights include rights granted to cable, direct broadcast satellite, microwave, pay per view and other services paid for by subscribers. Cable and pay television networks have traditionally licensed pictures for initial exhibition commencing nine to fifteen months after initial domestic theatrical release as well as for subsequent showings. Pay television services such as Home Box Office, Inc. (“HBO”), Starz (“Starz”) and Showtime (“Showtime”) have entered into output contracts with one or more major production companies on an exclusive or non-exclusive basis to assure themselves a continuous supply of motion picture programming. Some pay television services have required exclusivity as a precondition to such contracts. The pay television market is characterized by a large number of sellers and few buyers. However, the number of motion pictures utilized by these buyers is extremely large and a great majority of motion pictures which receive theatrical exhibition in the United States are, in fact, shown on pay television.

In the United States, broadcast network rights are granted to ABC, CBS, FOX, NBC, CW, or other entities formed to distribute programming to a large group of sections. The commercial television networks in the United States have traditionally licensed motion pictures for a limited number of exhibitions during a period that usually commences two to three years after a motion picture’s initial theatrical release. During recent years, only a small percentage of motion pictures have been licensed to network television, and the fees paid for such motion pictures have declined. This decline is generally attributed to the growth of the pay television and home video markets, the recent proliferation of popular reality television series, and the ability of commercial television networks to produce and acquire made-for-television motion pictures at a lower cost than license fees previously paid for theatrical motion pictures, all factors which negate the need for motion picture acquisition by the various network stations.

Distributors also license the right to broadcast a motion picture on local, commercial television stations in the United States, which has traditionally been for a period commencing five years after initial theatrical release of the motion picture but, earlier if the producer has not entered into a commercial television network license. This activity, known as “syndication,” has become another possible source of revenues as the amount of, and competition for, programming among local television stations has increased.

Motion pictures are now being licensed in the foreign television market in a manner similar to that in the United States. The number of foreign television stations as well as the modes of transmission (i.e., pay, cable, network, satellite, etc.), have been expanding rapidly, and the value of such markets

has been likewise increasing and should continue to expand. Producers may license motion pictures to foreign television stations during the same period they license such motion pictures to television stations in the United States; however, governmental restrictions, quotas, and the timing of the initial foreign theatrical release of the motion pictures in the territory may limit or delay the exhibition of such motion pictures in certain territories.

Re-licensing

After the rights in a film have been exploited through the various avenues described above, the retained rights in a film (or in a group of previously produced motion pictures) may still have value through re-licensing in the pay and commercial television, home video and non-theatrical markets. On rare occasions, films may even be re-released for theatrical exhibition.

INFERIOR TRADITIONAL FILM FINANCING VS. SUPERIOR REEL CASH FINANCING

Inferior Traditional Film Financing

International distribution rights are pre-sold (and sold) on a territory-by-territory basis using reputable international sales agents (e.g. Sierra Affinity, Global Road, Film District, Hanway, Myriad, Wild Bunch, etc.). As each sale is perfected and accepted as collateral, senior and/or mezzanine financing may be raised by the production company using the unsold territories as collateral for bank and mezzanine lenders (e.g. Imperial Capital Bank, Comerica, New Bridge, City National Bank, etc.). The current ration of lending against unsold territories is 2:1. Therefore, by way of example, should the estimates of unsold territories amount to \$8,000,000, lenders shall be able to lend up to \$4,000,000, at a senior debt interest rate for funds amounting to no more than 20% of a production's budget, and at a higher mezzanine interest rate of the difference.

Production loans are typically provided by the same institutional lenders that offer gap (also known as senior debt lending) on a per picture basis. The distinction between the cash-flowing of pre-sales and gap is that the former is collateralized by international pre-sales against which the institutional lender (Bank) has a senior security interest. The interest and cost for fees and interest rates on collateralized production loans is typically a circa 2% facility fee and an interest rate of circa 8.5-12% for a term of circa 12 to 18 months (which is dependant on how long it takes the production company to deliver the final cut and other deliverables to the territorial distributors).

Gap loans (Senior loans) are not collateralized by any pre-sales agreements, however look to the open and unsold domestic and international territories for recoupment against which the gap loan shall be made. Gap loans as a rule of current industry standards do not exceed 20% of a picture's budget and require a minimum of twice as much value calculated according to the estimates of the price of unsold territories vis-à-vis the amount the gap lender will provide the production company. This is called the 2:1 rule. For example, on a \$10 million dollar budget, a gap lender will provide for a \$2 million dollar gap loan, assuming that there are at least \$4 million dollars worth of unsold territories against which it can look to for repayment. The gap lender will typically require that the production company pre-sell a minimum of 20% of its picture's budget in foreign territories to top tier buyers (i.e. studio affiliated foreign buyers, or widely commercial territories' terrestrial broadcasters such as Rai Uno in Italy, ProSieben in Germany and Canal Plus in France) in order to insure that there is an appetite in the competitive marketplace for the picture, so as to insure repayment by production company of the gap loan.

Super Gap loans (mezzanine loans) arise from either institutional lenders or private lending facilities, and are not collateralized by any pre-sales agreements. They should be considered identical to Gap loans with the one distinction that they are in a recoupment position that is subordinated to Gap loans, and thus are considered mezzanine financing. Accordingly, the fees and interest rates associated with Super gap loans are higher than Gap loans (circa 2% of the loan

amount in fees and 15-22% in interest for a term of 12 to 18 months). Financing in all its forms can amount to as much as 15%+ of a picture's budget depending on the amount of debt qualified for and accepted by the production. Debt financing takes no back end position. In order to qualify for any form of debt financing, a completion bond must be in place as well as a collection agent, to which the production company and its investors, the debt financiers, the completion bond company and the sales agency are all signatories. The resulting agreement between them is known as the Interparty agreement. The production lenders typically have formal credit committees and the banks' collateral-assembling process and administrative paperwork involved in closing such loans can be extensive, typically lasting at least a month and often two months. Moreover, the legal costs for such a debt financing process on behalf of the lender is assumed by the production, as is industry standard.

SAMPLE Investment model on a per picture basis:

- 40% private equity via investors
- 15% monetized production tax credits
- 45% cash-flowed pre-sales and debt financing
- (plus interest and bank fees)

Typically, investors recoup 100% of their private equity investment out of first proceeds the production company producing the picture receives, net of repayment of the film's credit facility including gap and super gap loans, recoupment of residuals, participations, distributor costs and fees. Thereafter, investors are typically entitled to a preferred return, and then profits would be split 50/50 between production company and the investor(s). The investors receive their pro-rated portion from 50% of the split on parity with the production company and the other investors. Creative payment corridors may also be granted to talent at any point in the aforementioned proceeds waterfall, subject to approval by investors.

Traditional Green-light Criteria: Picture must be bondable and international sales estimates from sales agents, bankable subsidies and other ancillary revenue sources (including U.S. distribution revenues) equal to or greater than 100% of the budget. Pictures meeting those criteria would proceed to production.

Superior Reel Cash Financing

The benefit for filmmakers financing their productions through Reel Cash is that they would avoid the need to sell off any distribution rights and territories in order to finance their films. When pre-selling any film in advance of its completion, filmmakers are selling the value thereof at a discount given the speculative nature of whether the completed product will meet the quality standards of the distributors to whom the pre-sales are being made. This cannibalizes the value of the production's economic performance. Moreover, by selling off foreign territories prior to the domestic distribution deal being committed, filmmakers are selling those foreign territories at an additional discount. The value to foreign territorial buyers is always a premium once foreign buyers can confirm that a domestic distributor will support the film and condition the marketplace's awareness thereof.

Reel Cash allows the filmmakers to keep intact international value whilst providing a guaranteed domestic distribution home for the content. Moreover, and uniquely (unlike Amazon, Netflix, Hulu, etc.) Reel Cash will share its cryptocurrency proceeds with creative collaborators and cryptocurrency financiers of the productions much in the same way net profit participants would be entitled to profit participations in content. Furthermore, Reel Cash when entering into financing and acquisition arrangements with filmmakers (and other content creators) shall also be granted a right of first refusal to license the "ancillary rights" to each distributed production for the creation of books, published music, soundtrack albums, stage plays, theme park attractions and merchandise.

While subsequent distribution windows make anemic the profit share to which producers and net profit participants are entitled, Reel Cash shall treat all percentage of revenue share equal by smashing together all of the release windows, resulting in a benefit to consumers and creators alike. For example, DVD gross is usually calculated on a 20% royalty basis with 80% being retained by the distributor, ostensibly to cover the cost of manufacturing, packaging, marketing and shipping. In

Reel Cash gross, only one royalty rate shall apply for the life of the content's distribution, as negotiated, which shall in all instances be in excess of 20% in favor of the content creator.

An Independent Production Company can see a Distribution Advance Against Revenues, or a Negative Pick-Up, from a distribution company. With a Distribution Advance Against Revenues, in exchange for the rights to film a distribution company pays the company a sum of money upfront. While many distributors do not pay advances on features, it is an important strategy in negotiating with distributors. A Negative Pick-Up means that a distributor pays for all, or a negotiated portion of, the actual cost for the negative of the picture within a territory to distribute the content in such territory. This cost factors in development, pre-production, production and post-production. Depending on the distribution agreement, the relationship can end there with the distributor buying the producer out, or the producer can then share in net proceeds from the film once the distributor has recouped its distribution fee, negative pick-up price, and marketing and distribution costs.

Reel Cash shall allow the content creators the ability to avoid having to piece together 100% of their production's budget as it will offer 100% financing for select films in development, allowing filmmakers the ability to focus on creating content as opposed to scrapping together financing for it. Moreover, by being the production's financier and distributor, the interests of the filmmaker, net profit participants and Reel Cash are aligned, in the best interest of the content.

RECENT MEDIA MARKETPLACE

Global

- In 2016, the global box office for all films released in each country around the world reached \$38.6 billion, up one percent from 2015. The U.S./Canada box office (\$11.4 billion) grew two percent, while the international box office (\$27.2 billion) in U.S. dollars held steady compared to 2015, despite the increased strength of the U.S. dollar and slowed growth in China.
- Cinema screens increased by eight percent worldwide in 2016 to nearly 164,000, due in large part to continued double digit growth in the Asia Pacific region (+18%). The number of digital screens (+17%) and Premium Large Format screens (+11%) also saw double digit growth globally. Today, 95 percent of the world's cinema screens are digital.

U.S./Canada

- In 2016, U.S./Canada box office was 11.4 billion, up two percent from 11.1 billion in 2015. Admissions, or tickets sold (1.32) billion, held steady compared to 2015.

Moviegoer Trends

- More than two-thirds (71%) of the U.S./Canada population – or 246 million people – went to the cinema at least once in 2016, a two percent increase from 2015. Frequent moviegoers – individuals who go to the cinema once a month or more – continue to drive the movie industry, accounting for 48 percent of all tickets sold in the United States and Canada.
- The number of frequent moviegoers increased in 2016. However, the number of tickets purchased by frequent moviegoers decreased. This was offset by an increase in the tickets purchased by occasional moviegoers (moviegoers who attended less than once a month).

Demographics

- In 2016, 18-24 year olds went to the movies an average of 6.5 times over the year, up 0.6 from 2015. This was the largest increase of any age group. Per capita attendance was next highest for 12-17 year olds (6.1). Per capita attendance also increased for 25-39 year olds and 50-59 year olds compared to the previous year.

➤ Per capita attendance increased for African Americans and Asians/Other Ethnicities compared to 2015. In 2016, Asians/Other Ethnicities reported the highest annual attendance per capita, going to the cinema an average of 6.1 times in the year.

➤ Three of the top five grossing films in 2016 attracted majority female audiences. Finding Dory drew the largest proportion of females, with 55 percent of its box office coming from women. The Jungle Book drew the most ethnically diverse audience, followed by Finding Dory and Captain America: Civil War.

Technology

➤ Frequent moviegoers tend to own more key technology products, such as smartphones and tablets, compared to the general population of adults 18 years and older. More than three quarters of all frequent moviegoers (79%) own at least four different types of key technology products, compared to 60 percent of the total adult population.

Films Released

➤ Total films released (718) increased one percent from 2015. Films released by MPAA members (139) were down five percent in 2016 compared to 2015, which was a five-year high. Non-MPAA affiliated independents continued to release the most films domestically (579) and were up three percent from 2015.

International Media Perspective of the Motion Picture Association of America

The international box office in U.S. dollars is up 14 percent compared to five years ago. The global box office is up 11 percent in the same time period.

In 2016, the box office in the Asia Pacific region (\$14.9 billion) increased five percent compared to 2015. Increases in Japan and India were the primary drivers of growth. After over a decade of consecutive gains, in 2016, the Chinese box office decreased one percent in U.S. dollars from 2015, while increasing slightly (+4%) in local currency.

The Europe, Middle East & Africa (EMEA) box office decreased two percent in U.S. dollars when comparing 2016 to 2015. This was driven by decreases in the U.K. (-10% decline in U.S. dollars), where the pound depreciated 12 percent against the U.S. dollar, and Germany (-13%). However, during the same period, other markets such as France (+5%) and Italy (+6%) experienced growth.

The Latin America box office decreased 18 percent in U.S. dollars when comparing 2016 to 2015, despite many markets in the region increasing in local currency. Brazil's box office was an exception, increasing five percent in U.S. dollars from 2015. However, the depreciation of several currencies against the U.S. dollar in 2016, including Mexico (-15%), Argentina (-37%), and Venezuela (-31%), contributed to the overall decline in regional box office.

Total cinema screens increased eight percent worldwide in 2016 to nearly 164,000, due in large part to continued double-digit growth in the Asia Pacific region (+18%).

Global digital cinema continued to grow (+10%), although at a slower rate than past years given limits to market penetration. Today, 95 percent of the world's cinema screens are digital, up two percentage points from 2015 (93%). Among individual regions, Asia Pacific has the lowest percentage of digital screens at 90 percent.

Across all regions, the number of digital 3D screens continued to grow in 2016 – and at a faster pace (17%) than 2015 (15%). The global portion of 3D digital screens increased three percentage points to 56 percent of all digital screens in 2016. Asia Pacific (78%) had the highest 3D digital proportion of total digital screens.

Premium Large exhibition and has significant of PLF screens in 2016, followed by Asia Pacific (859). In 2016, the total number of PLF screens increased by 11 percent compared to 2015. These totals include both exhibitor-developed and global technology brands, such as IMAX.

Movie theaters continue to draw more people than all theme parks and major U.S. sports combined.

A movie still provides the most affordable entertainment option, costing under \$35 for a family of four. The average cinema ticket price nationwide increased by 22 cents (3%) in 2016, compared to the one percent increase in inflation as measured by the Consumer Price Index (CPI).

More than two-thirds (71%) of the U.S./Canada population aged two or older, or 246 million people, went to a movie at the cinema at least once in 2016 (“moviegoer”), a two percent increase in the number of moviegoers from 2015. The typical moviegoer bought 5.3 tickets over the course of the year, down from 5.6 tickets in 2015.

Eleven percent of the U.S./Canada population are frequent moviegoers, who attend the cinema once a month or more. These individuals are responsible for 48 percent of all tickets sold. The number of frequent moviegoers increased in 2016, while the number of tickets purchased by frequent moviegoers decreased (21 million). At the same time, the number of tickets purchased by occasional moviegoers increased, raising the share of tickets purchased by occasional moviegoers by one percentage point to 50 percent.

Hispanics continued to be overrepresented in the population of frequent moviegoers relative to their proportion of the overall population. In 2016, the number of African American and Asian/Other frequent moviegoers increased compared to 2015, while the number of Caucasian frequent moviegoers declined.

The gender composition of moviegoers (people who went to a movie at the cinema at least once in the year) in 2016 skewed slightly towards women, similar to the composition of the overall population. As in previous years, tickets sold continue to be split evenly among genders. In 2016, the 18-24 age group was the most overrepresented age group in terms of tickets sold, accounting for 10 percent of the population and 16 percent of tickets sold in 2016. To a lesser extent, the 12-17 and 25-39 age groups are also overrepresented for tickets sold (13% and 24%) relative to their share of the population (8% and 21%).

Although Caucasians make up the majority of the population (62%) and moviegoers (59%), they represented a smaller share of 2016 ticket sales (51%), similar to previous years. In 2016, the Asian/Other category overrepresented the most of any group in share of movie tickets purchased (14%) relative to their share of the population (8%).

In 2016, 18-24 year olds had the highest per capita attendance (6.5), followed by 12-17 year olds (6.1). 18-24 year olds had the largest increase in per capita attendance, up 0.6 from 2015. Per capita attendance also increased for 25- 39 year olds and 50-59 year olds compared to the previous year.

Per capita attendance increased for African Americans and the Asian/Other category compared to 2015. The Asian/Other category reported the highest annual attendance per capita in 2016, going to the movies an average of 6.1 times in the year.

Similar to the overall population, females have comprised 51 percent to 52 percent of moviegoers (people who went to a movie at the cinema at least once in the year) consistently since 2012. This trend remains unchanged in 2016.

Overall, age group shares of moviegoers have been relatively consistent since 2012. Accounting for 23 percent of moviegoers, 25-39 year olds continue to constitute the largest share of moviegoers in 2016.

In 2016, the share of tickets sold to the 18-24 (16%), 25-39 (23%), and 50-59 (12%) age groups all increased compared to 2015.

In 2016, the share of tickets sold to African Americans (14%) and the Asian/Other (14%) category each increased by three percentage points from the previous year.

In 2016, PG-13 films comprised 14 of the top 25 films in release, more than any other rating, and up from 2015 (12). In 2016, nine of the top 10 and 19 of the top 25 films were released in 3D, both up compared to 2015 (six and 14). In 2016, the top 25 films accounted for 53 percent of total box office, while the top five films accounted for 18 percent of total box office, less than the equivalent percentages in 2015.

(Research Provided by Motion Picture Association of America, Inc. (MPAA))

PriceWaterhouseCoopers' Global Media and Entertainment Overview

Globally, E&M worldwide revenues are expected to rise at a compound annual growth rate ("CAGR") of 4.4 percent over the next five years, from \$1.7 trillion in 2015 to \$2.1 trillion in 2020.

Key U.S. Entertainment & Media ("E&M") Highlights

By 2020, China box office revenues are expected to reach \$15.1 billion versus \$11.0 billion in the U.S. TV and video is expected to rise from \$121.4 billion to \$124.2 billion in 2020 (0.5 percent CAGR). The continued growth of video on demand (VOD) and over-the-top (OTT) services is putting pressure on the "theatrical window" period traditionally enjoyed by cinemas. In fact, electronic home video sales (\$11.2 billion, 9 percent CAGR) eclipsed box office sales (\$10.3 billion, 1.2 percent CAGR) in 2015 – two years earlier than last year's Outlook projected.

Growth around the world will boost filmed entertainment revenue.

Global total filmed entertainment revenue will rise at a 4.1% CAGR to 2019, reaching US\$104.62bn. Particularly strong growth will be seen in China (14.5% CAGR) and in Latin America thanks to a 6.1% CAGR in Brazil and 11.5% CAGR in Argentina, but even global leader the US, with 33.0% of the total market in 2014, will see above-average growth of 4.6% CAGR.

Global box office will be driven by local films as well as Hollywood fare.

Global box office revenue will rise at a CAGR of 5.7% to US\$48.45bn in 2019, from US\$36.70bn in 2014. But one trend noticeable everywhere from China to Western Europe is the significance of local films in boosting country box office revenue, and while Hollywood still dominates, local films will increasingly make an impact.

China's box office growth will see it pull ever nearer to the US.

China's box office revenue is forecast to rise at a 15.5% CAGR, its growth outstripping that of every other market surveyed. China's box office revenue will thus move from US\$4.31bn in 2014 to US\$8.86bn in 2019 as its cinema-building boom continues and rising disposable incomes make the cinema more affordable.

China's status as the second-largest film market in the world is underlined by its surging box office and a booming production sector.

China's total filmed entertainment revenue will be US\$9.96bn by 2019, almost double the revenue of US\$5.07bn in 2014, a CAGR of 14.5%.

Electronic home video revenue will nearly double over the forecast period.

Global electronic home video revenue is set to rise from US\$15.28bn in 2014 to US\$30.29bn in 2019. Total electronic home video OTT/streaming revenue in particular is seeing a CAGR of 19.0% as online video and streaming services are beginning to attain a significant foothold in many markets.

This industry overview is provided for informational purposes only. Although this industry overview is believed to be generally accurate according to the MPAA (Motion Picture Association of America), PriceWaterhouseCoopers, Ernest & Young and Kagan Reporting, no representations or warranties are made as to the accuracy of the information.

Notable Independently Acquired Film Deals since 2012:

2012

With regards to the current state of independent acquisitions, the first major deal of the 2012 Sundance Film Festival, CBS Films acquired the U.S. distribution rights to the Bradley Cooper drama *The Words* for \$2 million. The film also stars Zoe Saldana, Jeremy Irons, Olivia Wilde, and Dennis Quaid, and is the directorial debut for co-writers Brian Klugman and Lee Sternthal. The deal includes an additional \$1.5 million for print and advertising. The thriller *Black Rock* – about three friends (Kate Bosworth, Lake Bell, and Katie Aselton, who also directed) whose vacation on a remote island turns terrifying — was bought by LD Distribution for a reported \$1 million.

2013

With regards to the 2013 state of independent acquisitions, some noteworthy acquisition at the 2013 Sundance Film Festival included "[Kill Your Darlings](#)," which stars Daniel Radcliffe as a young Allen Ginsberg and examines how a 1944 murder brought together the young college students who would become the voices of the Beat generation, was picked up by Sony Pictures Classics, reportedly for about \$2 million.

"[Lovelage](#)," starring Amanda Seyfried as the famous adult film star of the 1972 box-office phenomenon *Deep Throat*, closed a reported \$3 million deal with RADiUS – TWC for its U.S. distribution rights.

"[Don Jon's Addiction](#)," written, directed, and starring Joseph Gordon-Levitt as a porn addicted lothario, sold for \$4 million to Relativity Media, with a reported \$25 million promotional commitment.

[The Way, Way Back](#), a coming-of-age comedy starring Steve Carell, Sam Rockwell, Toni Collette, Allison Janney, and Maya Rudolph, and written-and-directed by The Descendants' Oscar-winning scribes Nat Faxon and Jim Rash — sold for \$9.75 million to Fox Searchlight.

[Austenland](#), a comedy starring Keri Russell and Jennifer Coolidge about a resort where everyone behaves as if they're in a Jane Austen novel, sold to Sony for just over \$4 million, with Sony Pictures Classics handling U.S. distribution.

[Fruitvale](#), starring Michael B. Jordan (*Chronicle*) and Octavia Spencer in a docudrama about the last day in the life of a man who was killed at a San Francisco subway station on New Year's Eve, sold to The Weinstein Company, for just over \$2 million.

2014

With regards to the current state of independent acquisitions, some recent acquisition at the 2014 Sundance Film Festival included "[Whiplash](#)" – the year's Sundance opening film, Sony Pictures acquired worldwide international rights. The deal was reported to have been made for around \$3 million. The domestic rights to "The Skeleton Twins" were acquired by Lionsgate/Roadside Attractions. Sony Pictures Worldwide Acquisitions Group also has acquired all territories outside of the U.S. for a reported \$3.5 million, making it highest acquisition of the festival.

2015

With regards to the 2015 state of independent acquisitions, some noteworthy acquisition at the 2015 Sundance Film Festival included two movies that have emerged as the clear breakouts — Alfonso Gomez-Rejon's "Me and Earl and the Dying Girl" and Rick Famuyiwa's "Dope" — both fall squarely in the coming-of-age genre. The movies garnered some strong distributor buzz and bids, a \$7-million sale for "Dope" (to Open Road and Sony) and mid-high seven figures for "Earl" (to Fox Searchlight).

The highest dollar total was for "Brooklyn," John Crowley's immigrant love story starring Saoirse Ronan, which was purchased for \$9 million by Fox Searchlight. The sale was a far cry from the

doldrums of the last few years, when anything more than \$5 million was a rarity. (Last year no sale topped \$3.5 million.)

Some of the high prices had as much to do with new buyers hungry for films and willing to open up their wallets (see new distributor Orchard shelling out a surprising \$4 million for the Adam Scott comedy “The Overnight”).

A similar dynamic for a very different film was at work for “The Bronze,” Melissa Rauch's raunchy comedy about a washed-up Olympian. Because Rauch isn't Seth Rogen, she and husband/writing partner Winston Rauch couldn't get the green light as a traditional \$20-million comedy at a Warner Bros. or Sony. They were able to get it financed independently, though, and took it to Sundance. After it screened last week, Relativity Media stepped in to scoop it up for \$3 million, a veritable bargain.

2016

First, the headline news: The Birth of a Nation, Nate Parker's passion project about the rebellion-leading slave Nat Turner, [shattered festival records](#) when it sold to prestige-film power players Fox Searchlight for \$17.5 million.

Netflix and Amazon dominated this year's Sundance. The streaming giants were by far the most active buyers, grabbing six movies apiece — including, for Amazon, the second-biggest acquisition of the festival, Kenneth Lonergan's Manchester by the Sea. That film, too, is expected to contend at the 2017 Oscars, giving Amazon its first major bid for an Academy Award.

A24:

Morris From America — dir. Chad Hartigan — [\\$1+ million](#)

Swiss Army Man — dir. Daniel Kwan and Daniel Scheinert — [low seven-figure range](#)

AMAZON:

Author: The J.T. LeRoy Story — dir. Jeff Feuerzeig — [\\$1 million](#)

Complete Unknown — dir. Joshua Marston — [\\$2+ million](#)

Gleason — dir. Clay Tweel — Amazon/Open Road — [\\$3 million](#)

Love & Friendship — dir. Whit Stillman — Amazon/Roadside Attractions — [\\$2 million](#)

Manchester by the Sea — dir. Kenneth Lonergan — [\\$10 million](#)

Wiener-Dog — dir. Todd Solondz — [low seven-figure range](#)

BETA CINEMA:

Sand Storm — dir. Elite Zexer — [undisclosed](#)

BRAINSTORM MEDIA:

Resilience — dir. James Redford — [undisclosed](#)

FOX SEARCHLIGHT:

The Birth of a Nation — dir. Nate Parker — [\\$17.5 million](#)

GLOBAL SCREEN:

Between Sea and Land — dir. Manolo Cruz — [undisclosed](#)

IFC Films:

Weiner — dir. Josh Kriegman and Elyse Steinberg — [undisclosed](#)

LIONSGATE:

Indignation — dir. James Schamus — [\\$2.5 million](#)

MAGNOLIA:

Tickled — dir. David Farrier and Dylan Reeve — Magnolia/HBO — [undisclosed](#)

Lo and Behold, Reveries of the Connected World — dir. Werner Herzog — [undisclosed](#)

The Lovers and the Despot — dir. Rob Cannan and Ross Adams — [undisclosed](#)

NETFLIX:

Audrie & Daisy — dir. Bonni Cohen and Jon Shenk — [undisclosed](#)
 Brahman Naman — dir. Q — [low seven-figure range](#)
 Tallulah — dir. Sian Heder — [\\$5 million](#)
 The Fundamentals of Caring — dir. Rob Burnett — [\\$7 million](#)
 Under the Shadow — dir. Babak Anvari — [undisclosed](#)
 Norman Lear: Just Another Version of You — dir. Heidi Ewing and Rachel Grady — Netflix/Music Box Films — [undisclosed](#)

THE ORCHARD:

Life, Animated — dir. Roger Ross Williams — [undisclosed](#)
 Hunt for the Wilderpeople — dir. Taika Waititi — [\\$2 million](#)

OSCILLOSCOPE LABORATORIES:

The Fits — dir. Anna Rose Holmer — [undisclosed](#)

PARAMOUNT HOME VIDEO:

Goat — dir. Andrew Neel — [\\$2.5 million](#)
 The Intervention — dir. Clea DuVall — [\\$2.5 million](#)

SONY PICTURES CLASSICS:

Eat That Question — dir. Thorsten Schütte — [undisclosed](#)
 Equity — dir. Meera Menon — [\\$3.5 million](#)
 The Hollars — dir. John Krasinski — [undisclosed](#)
 The Eagle Huntress — dir. Otto Bell — [mid-seven figures](#)

UNIVERSAL:

Frank & Lola — dir. Matthew M. Ross — [\\$2 million](#)

WWE STUDIOS AND BLUMHOUSE:

Sleight — dir. JD Diller — [\\$1+ million](#)

2017**"Thoroughbred"**

Directed by Cory Finley. Focus, \$5 million

The Breakdown: Noirish scheming among the rich and disaffected. Teenagers Lily (Anya Taylor-Joy) and Amanda (Olivia Cooke) used to be friends. They are slowly becoming reacquainted after Amanda committed a barbaric act (alluded to by the title) and was ostracized for it. Then Amanda learns of a problematic figure in Lily's life and plots to take action. In a modern spin on "Heathers" and "Cruel Intentions" — though with more dark humor and tight directorial control than either — "Thoroughbred" follows their plan as it takes them to a reluctant hit man (a brilliantly slimy-jittery [Anton Yelchin](#)) and other self-involved machinations. The film is also one of Yelchin's last roles; debut director Finley dedicates it to him.

"Brigsby Bear"

Directed by Dave McCary. Sony Pictures Classics, \$5 million

The breakdown: "Saturday Night Live" cast member Kyle Mooney stars in an offbeat story about a young man returned to his family after living for years with a couple who kidnapped him. He becomes determined to finish making the homemade television program his captors created and showed him for years.

"Patti Cake\$"

Directed by Jeremy Jasper. Fox Searchlight, \$10.5 million

The breakdown: Music video director Jasper makes his feature debut as writer-director with this crowd-pleasingly ebullient yet bittersweet tale of a young woman aspiring to be a rapper. Set in New Jersey, the film follows Patti — rap name "Killa P" — as she tries to convince everyone around her that she can make it, and struggles to convince herself she deserves success of her own.

“Step”

Directed by Amanda Lipitz. Fox Searchlight, \$5 million.

The breakdown: Deep in urban Baltimore, not far from where Freddie Gray was killed in police custody, sits the Baltimore Leadership School for Young Women. A charter school whose mission it is to send every alumna to college, the academy is about to graduate its founding class. The women of that class, as Lipitz conveys in this casually observational documentary, are mostly doing well academically while flourishing on a step dance team, though they also face their share of challenges. As their pre-college years unspool, the movie follows their success, their struggles and (to a lesser degree) their attempts to compete in statewide step competitions, as we learn about several of the young women in up-close ways.

"Icarus"

Directed by Bryan Fogel. Netflix, \$5 million.

The breakdown: Speaking of docs that went for a lot of money, there's this dive into the world of the Russian athletic doping scandal, produced by the same company as "Step," in fact. Fogel, a comedian and amateur cyclist, is fascinated by the doping scandal of Lance Armstrong and decides to put himself through a similar regimen to see how much it helps. Then he stumbles upon Grigory Rodchenkov. A Russian doping expert eager to help, the chemist seems like a jovial and largely harmless bureaucrat. But Rodchenkov may not be what he appears. To say more here would be to deprive viewers of the pleasures of discovery. The less known about this one, the more enjoyable the experience.

“To the Bone”

Directed by Marti Noxon. Netflix, \$8 million

The breakdown: TV veteran Noxon makes her feature debut as writer with the story of a young woman (Lily Collins) struggling with eating disorders. She lands in a group home overseen by an unconventional doctor (Keanu Reeves) and confronts the overlapping issues within her family and herself that cause her self-destructive behavior.

“Fun Mom Dinner”

Directed by Alethea Jones. Netflix and Momentum Pictures, \$5 million

The breakdown: Four female friends set aside their usual responsibilities for a fun night out and things get out of hand. The film looks to be a female party comedy and a thoughtful treatise on self-definition when the rest of world wants to reduce you to just one thing and marks the feature debuts for both director Jones and screenwriter Julie Rudd.

"The Big Sick"

Directed by Michael Showalter. Amazon, \$12 million.

The breakdown: Kumail Nanjiani is known these days for his turn as a droll nerd on "Silicon Valley." But before the Pakistani-born actor moved in with Hendricks, Bachman and the boys, he was a struggling comedian seeking to make a relationship work with now-wife Emily Gordon. Those experiences — and the tension with his family over the intercultural romance — form the basis of the dramatic comedy. The movie, which Nanjiani wrote with Gordon, alternates seamlessly between gentle pathos and wry comedy, then back again.

“Mudbound”

Directed by Dee Rees. Netflix, \$12.5 million.

The breakdown: Based on Hillary Jordan's 2008 novel, Rees' new film takes a sprawling look at two families in the 1940s-era Jim Crow South: the white McAllan family that owns the farm (members of which are played by [Carey Mulligan](#), [Jason Clarke](#), Jonathan Banks and [Garrett Hedlund](#)) and the Jacksons who are sharecroppers on it (Rob Morgan, Mary J. Blige and Jason Mitchell). On this mucky land in the Mississippi Delta, racial politics, World War II flashbacks and family tension all intertwine.

Overview of independent film buyers at various international film festivals and an overview of their recent acquisitions:

Name: IFC/Sundance Selects

Past notable Sundance buys: "Joan Rivers: A Piece of Work"

Bought last year: Sundance – "Buck," "The Ledge," "Perfect Sense," "Salvation Boulevard," "Septien," "Those Amazing Shadows," "Mad Bastards," "Uncle Kent"; Berlin – "Pina," "The Forgiveness of

Blood"; Cannes – Declaration of War," "House of Pleasures," "Kid With a Bike"; Toronto – "Your Sister's Sister", "Edwin Boyd" (among many other films)
 Looking for: wide range of mid- and low-range titles including documentaries, midnight, foreign-language and more for primarily VOD release
 Pockets: medium deep, but do not spend substantial marketing coin

Name: LD Entertainment
 Past notable Sundance buys: formed post-Sundance 11
 Bought last year: Sundance - "Silent House;" Toronto - "Killer Joe"
 Looking for: range of films with wide release potential
 Pockets: medium deep

Name: Magnolia
 Past notable Sundance buys: "Tucker & Dale Vs, Evil," "Client Number Nine,"
 Bought last year: Sundance – "Happy Happy," "Hobo With a Shotgun," "I Melt With You," "Magic Trip"; Cannes – "Melancholia"; Toronto – "360," "The Hunter," "Headhunters," "God Bless America"

Looking for: documentaries, VOD, foreign language
 Pockets: medium deep

Name: Roadside Attractions
 Past notable Sundance buys: "Winter's Bone," "The Cove"
 Bought last year: Sundance – "Margin Call," "Circumstance," "The Future"; Toronto – "Friends With Kids"
 Looking for: Middle-level indie films and documentaries with crossover potential
 Pockets: medium deep (past partnerships with Lionsgate and Participant as well)

Name: Anchor Bay
 Past notable Sundance buys: "Happythankyoumoreplease"
 Bought last year: Sundance – "Son of No One"; Toronto – "Ten Year"
 Looking for: wide range of mid-level films with DVD appeal as well as theatrical
 Pockets: medium deep

Name: Strand
 Past notable Sundance buys: Peter and Candy
 Bought last year: Sundance - "Tyrannosaur," "Attenberg"; Cannes - "Michael"
 Looking for: independent/specialized niche
 Pockets: moderate

Name: Zeitgeist
 Past notable Sundance buys: "Last Train Home"
 Bought last year: none
 Looking for: niche specialized films, particular emphasis on documentaries as well as women directors
 Pockets: moderate

Name: Fox Searchlight
 Past notable Sundance buys: "Little Miss Sunshine," "Waitress," "Garden State"
 Bought last year: Sundance - "Martha Marcy May Marlene," "Art of Getting By," "Another Earth" (released 2011); -Toronto's "Shame"
 Looking for: Crossover commercial and award-potential films, possible remakes
 Pockets: Very deep

Name: Sony Pictures Classics
 Past notable Sundance buys: "An Education"
 Bought last year: Sundance - "Higher Ground," "Take Shelter," "The Greatest Movie Ever Sold," "The Guard," "Beats, Rhymes & Life"
 Looking for: foreign language, award-potential, documentaries, cross-over commercial

Pockets: deep only when appropriate

Name: Cinema Guild

Past notable Sundance buys:

Bought last year: Sundance - "The Interrupters"; Cannes - "Once Upon a Time in Anatolia," "The Turin Horse"

Looking for: high-end critic-oriented specialized films

Pockets: moderate

Name: Focus

Past notable Sundance buys: "The Kids Are All Right," "Hamlet 2"

Bought last year: Sundance - "Pariah"

Looking for: Crossover commercial and award-potential films

Pockets: deep

Name: Kino Lorber

Past notable Sundance buys: "Kimjonilia," "The Red Chapel"

Bought last year: Sundance - "The Mill and the Cross"; Cannes - "Charlotte Rampling: The Look"

Looking for: range of critic-oriented specialized films, primarily foreign

Pockets: moderate

Name: Lionsgate

Past notable Sundance buys: "Precious," "Buried"

Bought last year: Sundance - "The Devil's Double"; Toronto - "Friends With Kids"

Looking for: uncertain

Pockets: medium deep

Name: Global Road

Past notable Sundance buys: formed post-Sundance 11

Bought last year: none at festivals

Looking for: wide release commercial films

Pockets: medium deep

Name: Paramount

Past notable Sundance buys: "An Inconvenient Truth," "Waiting for Superman"

Bought last year: Sundance - "Like Crazy"

Looking for: crossover commercial films, directors to nurture

Pockets: deep

About The Author

Bianca Goodloe is a member of the California Bar Association, the New York Bar Association and a Foreign Registered Advocate with the European Union. Having worked at the top global and magic circle law firms Weil, Gotshal & Manges, LLP and Linklaters (in Prague, Berlin and London), Ms. Goodloe has years of experience in film finance, entertainment law and intellectual property, having also worked in development and production prior to practicing law.

As the Managing Partner of Goodloe Law, Bianca Goodloe founded the law practice in 2003. She is also an adjunct professor at New York University and University of California Los Angeles.

Bianca Goodloe is a co-founder and advising General Counsel for Reel Holdings, LLC.